GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:197
ANSWERED ON:01.12.2000
INVESTMENT NORMS FOR LIC AND GIC
RUDRAGOUDA PATIL;TRILOCHAN KANUNGO

Will the Minister of FINANCE be pleased to state:

(a) whether the Insurance Regulatory Development Authority have notified the liberalised investment norms for LIC and GIC;

(b) if so, the details thereof and the total amount invested by these companies in Government securities after the liberalisation;

(c) whether LIC and General Insurance Company have finalised their plan of investment for the year 2000-2001; and

(d) if so, the expected amount of investment proposed to be made by these companies during the above year?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SH. BALASAHEB VIKHE PATIL)

(a): The Insurance Regulatory Development Authority has notified the Investment Regulations on 14th August, 2000.These regulations cover investment by all insurers carrying on life business, general business and re-insurance business.

(b): Investment guidelines relating to life insurance and general insurance business as notified in Insurance Regulatory and Development Authority (Investment) Regulations, 2000 is at Annexure.The amount invested by LIC in Government securities in the month of September and October, 2000 is Rs.2226 crores and the GIC and the subsidiary companies is Rs.214.97 crores..

(c) & (d): Yes Sir. According to the provisional investment budget, the expected amount of investment by LIC for the year 2000-2001 is Rs.34,425 crores and for the GIC and the subsidiary companies is Rs.3060 crores.

Annexure to Starred Question No. 197 to be answered on 1st December, 2000 in Lok Sabha Investment Guidelines relating to Life Insurance and General Insurance Business as notified in Insurance Regulatory and Development Authority (Investment) Regulations, 2000

Life Insurance Business

S.No	Type of Investment	Percentage
i)	Government Securities	25%
ii)	Govt. Securities or other approved securities (including (I) above)	Not less than 50%
iii)	Approved Investments as specified in Schedule I	
a)	Infrastructure and Social Sector Explanation: For the purpose of this requirement, Infrastructure and Social Sector shall have the meaning as given in regulation 2(h) of Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000 and as defined in the Insurance Regulatory and Development Authority (Obligations of Insurers to Rural and Social Sector)Regulations, 2000 respectively	Not less than 15%
b)	Others to be governed by Exposure/ Prudential Norms specified in Regulation 5	Not exceeding 20%
iv)	Other than in Approved Investments to be governed by Exposure Prudential Norms specified in Regulation 5	Not exceeding 15%

Pension and General Annuity Business

S.No.	Type of Investment	Percentage
i)	Government securities, being not less than	20%
ii)	Government Securities or other approved securities inclusive of (I) above, being not less than	40%
iii)	Balance to be invested in Approved Investments as specified in Schedule I and to be governed by Exposure/Prudential Norms specified in Regulation 5	Not exceeding 60%

General Insurance Business

S.No	Type of Investment	Percentage
i)	Central Government Securities being not less than	20%
ii)	State Government securities and other Guaranteed securities including(I) above being not less than	30%
iii)	Housing and Loans to Sate Government for Housing and Fire Fighting equipment, being not less than	5%
iv)	Investments in Approved Investments as specified in Schedule II	
a)	Infrastructure and Social Sector	
	Explanation: For the purpose of this requirement, Infrastructure and Social Sector shall have the meaning as given in regulation 2(h) of Insurance Regulatory and Development Authority(Registration of Indian Insurance Companies) Regulations, 2000 and as defined in the Insurance Regulatory and Development Authority (Obligations of Insurers to Rural and Social Sector) Regulations, 2000 respectively	Not less than 10 %
b)	Others to be governed by Exposure/ Prudential Norms specified in Regulation 5	Not exceeding 30%
v)	Other than in Approved Investments to be governed by Exposure/ Prudential Norms specified in Regulation 5	Not exceeding 25%